# Power in a label: using the word ‘tax’

General Features




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With a commonly negative perception towards taxes, can how we label something change the way it is perceived?

I work in an environment where tax is not the normal specialisation. Fewer law schools are now teaching tax at universities across the UK, which means that fewer law schools have a tax academic based in the department. I have not been to a job interview where a joke about tax has not been made – ‘Tax does not have to be taxing, ha ha!’ – with people drawing on the popular culture of taxation as a dry, technical and boring subject. We have all been there when we introduce ourselves at a party and respond to the dreaded question: ‘And what do you do?’

I experienced this reputation of tax as something that is not positive during my PhD, when I was working on the Carbon Reduction Commitment – an abolished scheme that charged businesses on their energy consumption through the purchase of allowances (and now largely covered by the climate change levy). This highlighted that participants saw the scheme as just a ‘tax’ – and this association with taxation resulted in participants feeling less engaged in the scheme.

More recently, I interviewed 50 tax professionals (practitioners, academics and policymakers) to see what their views on taxation were – and, specifically, whether calling something a tax changes how it is perceived. Some of their opinions are shown throughout this article.

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## Tax word aversion

That there is an aversion to taxation has been the subject of quite a lot of academic research, particularly in the United States.

Tax aversion is a bias against taxation compared to other forms of payment (such as a charge, fee or contribution). In particular, people respond more strongly when the tax is more salient – more visible and explicit – than when the tax is hidden. There can also be a greater objection to taxation when the benefit received in return for the tax (the quality of public services or, as I often hear, whether or not the bins are collected for council tax) is perceived to be of a lower value than the money paid.

Whilst many tax professionals might agree that taxes are unrequited – in that no one receives a particular benefit for their taxes paid – value for money feeds into the popularity of taxation.

Tax word aversion is similar but describes the negative emotional response that we have to the word itself. Research by Edward McCaffery and Jonathan Baron, scholars with expertise in law and psychology, has demonstrated that the word ‘tax’ can create a visceral negative reaction in the public. The important point here is that the word does not actually need to describe taxation to cause this emotive response; the word itself is sufficient.

This means that just labelling something as a tax can change how it is perceived. In the words of McCaffery and Baron: ‘Labels matter, and tax tends to be a negative one.’ Knowing the power behind the word ‘tax’ opens the door for its manipulation.

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## Communicating the word ‘tax’ in the UK

How the word tax is used therefore important. The UK media has labelled many things a tax. Sometimes this is true, as with the ‘pasty tax’ and the ‘tampon tax’, which were used as a snappy shorthand for the VAT applied to these products.

Sometimes, it is less clear: the 2018 proposed changes to the probate fees as a ‘death tax’; the Ultra-Low Emissions Zone in London as a ‘car tax’; the retraction of welfare benefits as the ‘bedroom tax’; and the money needed to be spent on fertility treatment for same-sex couples as a ‘gay tax’. More recently, Sky News labelled the information sharing between platforms such as Airbnb and HMRC as the ‘side hustle tax’. The labels can be seen across the UK media, in both tabloid and broadsheet newspapers.

It is not just the UK media. Sometimes more public bodies adopt the language too. The Scottish government refers to the fact that it has ‘fully mitigated the bedroom tax in Scotland’ on its website. Likewise, HM Treasury adopted the media label of the tampon tax when it announced its abolition on 1 January 2021 (see tinyurl.com/mwv5vxx7).

Finally, the Carbon Reduction Commitment was included in the 2015 ‘Reforming the business energy efficiency tax landscape’ consultation and described as a ‘burdensome and bureaucratic tax’ (see tinyurl.com/2aamj2zb) – despite the fact that the scheme was not introduced by primary legislation and was initially designed as an emissions trading scheme.

What this means is that we can see the word ‘tax’ being used to describe a number of different policy instruments in the UK, exposing the general public to a wide range of uses for it.

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## Power in the tax label

My interviewees agreed that there is a negative connotation to the word ‘tax’ in the UK. It was described as ‘negative’, ‘unhelpful’, ‘hostile’, ‘a shadow’ – and another word that is used pejoratively! These descriptions of the word ‘tax’ are not surprising and support the existing academic research on tax word aversion. The UK is no different to other countries in this regard.

Knowing that the word creates a negative emotional response in people opens up the possibility of using it to bias how people think about various policies. If people do not like taxation, then labelling something as a tax allows the labeller to incite those negative feelings amongst the general public. The problem is that the more we use the word ‘tax’ this way, the more embedded the negative feelings could become.

Deloitte’s 2019 study on the ‘Tax Education Gap’ illustrated that tax literacy (our understanding of the tax system) in the UK is low (see tinyurl.com/dm2uv2un). My interviewees raised concerns that this could mean that the general public may not always see past the tax label when it is applied to non-taxes. This strengthens the possibility of using the word to bias people.

The power of this manipulation can allow the media (or the political opposition, devolved governments or the government) to discredit non-tax policy simply by calling it a tax. If the public are unable to see past this label due to the low levels of tax understanding in the UK, then this presents an additional problem: it perpetuates the murkiness of the UK tax landscape. Even if the public do see past the tax label, it reinforces that negative connotation behind the word. Tax is already a political hot potato, and a stronger tax word aversion could lead to less visible tax policy making in the UK.

Even using snappy shorthand to describe elements of taxation, such as the tampon tax, also fails to educate people about the existing UK taxes – particularly when this is not accompanied by an explanation.

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## In conclusion

The exploitation can go both ways. We can also avoid the word ‘tax’ in revenue-raising policy to try to circumvent these negative feelings, instead calling instruments contributions, levies and duties. It would be interesting to see research on whether our visceral response remains for these words as well, particularly as we a shift away from the word ‘tax’ in some areas: HMRC calls taxpayers ‘customers’, and other countries have labelled those who pay as donors (Japan’s Hometown Tax) or contributors (France, for some of its taxes).

It is also unlikely that people are as opposed to the word ‘tax’ when it is coupled with something favourable, such as a ‘tax relief’ or a ‘tax cut’. Either way, there is power in how the word ‘tax’ is used, or not used – something that is worthwhile thinking about.

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"I think it is just a shorthand for things that people don’t like having to pay, or for the sort of effects that people don’t necessarily want to have. Then that comes back full circle towards the unpopularity of taxes."

"They know ‘tax’ is like a negative word and it’s going to get some public attention and uproar."

"I think calling something a tax is sometimes used strategically to create negative associations with a certain policy. If you didn’t like a particular public policy, you might strategically want to call it a tax because people generally don’t like taxes and that may make them less predisposed to this particular policy."

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## References

Edward McCaffery and Jonathan Baron, ‘Thinking about tax’ (2006) 12 *Psychology, Public Policy, and Law* 106. An older paper on the same subject is freely available online via SSRN (see tinyurl.com/3er93mar).

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